

Exhibit 3

00001

1 IN THE UNITED STATES DISTRICT COURT FOR THE

2 NORTHERN DISTRICT OF CALIFORNIA

3 PHILIP WONG, FREDERIC CHAUSSY,)

4 and Leslie Marie Shearn,)

5 individually, on behalf of the)

6 general public,)

7 Plaintiffs,)

8 vs.) No. 07-CV-2446

9 HSBC MORTGAGE CORPORATION (USA);)

10 HSBC Bank USA, N.A.; and DOES 1,)

11 through 50, inclusive,)

12 Defendants.)

13 The 30(b)(6) deposition of HSBC

14 MORTGAGE CORPORATION, SUSAN R. MARCZAK, called as

15 a 30(b)(6) witness by the Plaintiffs, for

16 examination, taken pursuant to notice, agreement

17 and by the provisions of the Rules of Civil

18 Procedure for the United States District Courts

19 pertaining to the taking of depositions, taken

20 before Patricia A. Armstrong, a Notary Public

21 within and for the County of DuPage, State of

22 Illinois, and a Certified Shorthand Reporter,

23 No. 084-1766, of said state, at 200 North LaSalle

24 Street, Chicago, Illinois, on the 30th day of

25 August, 2007 at 10:00 a.m.

00001
1 UNITED STATES DISTRICT COURT
2 NORTHERN DISTRICT OF CALIFORNIA
3
4 PHILIP WONG, FREDERIC CHAUSSY,
5 And LESLIE MARIE SHEARN,
6 Individually, on behalf of all
7 Others similarly situated, and
8 On behalf of the general public,
9 Plaintiffs,
10 vs. NO. 3:07-CV-2446 MMC
11 HSBC MORTGAGE CORPORATION (USA)
12 HSBC BANK, USA, N.A.; and
13 DOES 1 through 50, inclusive,
14 Defendants.

15 ~~~~~

16
17 DEPOSITION OF PHILIP WONG
18 SAN FRANCISCO, CALIFORNIA
19 NOVEMBER 29, 2007
20
21

22 Reported by Yvonne Fennelly, CSR No. 5495
23
24
25

00013

1 BY MR. SCHWARTZ:

2 Q. I'm not going to go over this whole
3 document right now, but I do want to locate you
4 within the organization before we go any further.

5 If you look at the third page of Exhibit 1, it
6 appears that you report directly to Mr. Tich; is
7 that right?

8 A. That is correct.

9 Q. And Mr. Tich, his title is executive vice
10 president?

11 A. That is correct.

12 Q. Okay. And then to whom does Mr. Tich
13 report?

14 A. He reports to -- I guess these pages
15 aren't numbered, but the second page, which would
16 be the HSBC Retail Bank PFS Financial Services to
17 Kevin Newman.

18 Q. Okay. So that's the one previously marked
19 MORT 177?

20 A. Oh, sorry.

21 Q. That's all right. Okay. So he reports to
22 Mr. Newman?

23 A. That is correct.

24 Q. Senior executive vice president.

25 And then Mr. Newman, in turn, reports to

00014

1 whom?

2 A. Paul Lawrence.

3 Q. Paul Lawrence. And Mr. Lawrence is?

4 A. Not on any of these charts.

5 Q. Not on any of these charts, but what is

6 Mr. Lawrence's title?

7 A. President of HSBC Bank USA.

8 Q. Okay. Now, could you outline for me --

9 well, before I do that, so if I understand

10 generally your area of responsibility is the sales

11 operation for HSBC Mortgage Corporation; is that

12 right?

13 A. Yes. In laymen's terms, yes.

14 Q. Okay. Could you describe the structure

15 of -- when I say structure, I'm talking about the

16 organizational structure, from yourself down to the

17 employees at the branches or at the -- out in the

18 field the organizational structure of your sales

19 team at Mortgage Corp.

20 A. I have multiple areas of responsibility

21 from a distribution perspective, direct to consumer

22 and B to B, which is business-to-business sales.

23 We also have a telephone banking piece, and we've

24 also got a time share business that's run through

25 Mortgage Corp. in the sales distribution. So I've

00018

1 A. Jeanie Jennings.

2 Q. And Ms. Jennings is -- well, what's her
3 function in your organization?

4 A. She's the director of human resources.

5 Q. Okay. And Ms. -- does Ms. Jennings report
6 to -- to whom does Ms. Jennings report?

7 A. She reports to Gareth Powell, who is
8 within HSBC Bank.

9 Q. Okay. Now, while we're on the subject,
10 loan officers, you said there are about 260 of
11 them. They also have had a variety of titles over
12 the years. Is it accurate to say that loan -- the
13 laymen's term or commonly used phrase loan officer
14 is used by HSBC to describe people who are also
15 known as retail mortgage lending consultants or at
16 some point, who were also known as senior retail
17 mortgage lending consultants?

18 A. Yes.

19 Q. Is there any other title that would have
20 been encompassed by loan officer?

21 A. No.

22 Q. Is there -- I believe I heard of somebody
23 called a premier mortgage lending consultant or a
24 premier retail mortgage lending consultant or
25 something like that. Are you aware of people in

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1 that capacity?

2 A. Yes. In a prior description, you are
3 correct.

4 Q. Okay. And those people would also be
5 within the broad -- the umbrella of loan officers,
6 correct, of the 260?

7 A. Yes. We don't have that position today.

8 Q. Okay. And if I understand correctly from
9 prior discovery, today all of your loan officers
10 have been consolidated into the formal position of
11 retail mortgage lending consultants; is that
12 correct?

13 A. Yes.

14 Q. All right. So if you could continue
15 describing the organizational structure of your
16 sales team from yourself down to the sales
17 assistant level, I would appreciate it.

18 A. Within the retail channel or the wholesale
19 channel, which is the B to B?

20 Q. Why don't you go through each so I can
21 understand how it's all set up.

22 A. The retail channel is divided up into four
23 divisions covering specific geographies. Those
24 managers would be Deb Dezego, who runs metro New
25 York, John Fronczak, who runs upstate New York,

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1 Kathy Robinson, who runs our southeast division,
2 and then Jeff Needham would run our west coast
3 division in retail.

4 Q. Okay. So -- and just to locate these
5 people on the organizational chart, Exhibit 1 of
6 the deposition previously marked MORT 178, these
7 are senior vice presidents of sales for their
8 respective regions here on the organizational chart
9 under you; is that right?

10 A. You are correct.

11 Q. Okay. Please continue.

12 A. And then underneath the divisional
13 managers would be a staff of regional managers that
14 would run a particular marketplace, and then the
15 sales assistant would report to the regional
16 manager. Loan officers may report to the regional
17 manager. They may also -- depending upon the size
18 of the region that we're covering, we may have
19 sales managers that loan officers report to because
20 we've got span of control issues in our larger
21 markets.

22 Q. Does any -- are there any employees who
23 report to loan officers?

24 A. No.

25 Q. Are there any employees who report to

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1 sales assistants?

2 A. No.

3 Q. And are there any other employee titles

4 under the regional managers other than the ones

5 you've discussed already?

6 A. Recently being within the last 60 days, I

7 have -- did you say the regional managers?

8 Q. Yeah.

9 A. Then you are correct.

10 Q. I'm correct that --

11 A. There are no other job titles other than

12 loan officers and sales assistants that report to

13 the regional managers.

14 Q. Okay. Under the -- the regional managers

15 above them is the division managers?

16 A. That is correct.

17 Q. Okay. Are there any other position titles

18 under the division managers?

19 A. Yes.

20 Q. Okay.

21 A. Within the last 60 days, we have brought

22 our business development officers out within --

23 brought them into the sales teams directly.

24 Q. Okay. And when you say you brought the

25 business development officers into the sales teams

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1 directly, you're referring to the teams led by each
2 division manager, Jeff Needham, Deb Dezego,
3 etcetera; is that right?

4 A. Correct.

5 Q. And then you testified that you also have
6 a separate B to B or wholesale chain of command.
7 Can you describe that operation organizationally?

8 A. At what level?

9 Q. Just again, the structure going from
10 yourself down to the employee on the front lines.

11 A. Okay.

12 Q. Not to say you're not on the front lines,
13 but I don't know how else to describe yourself down
14 to the other end of the organization.

15 A. The country is split east and west. East
16 coast is managed by Deb Dezego or Deb Bassett, and
17 the west coast is managed by Jeff Needham.

18 Underneath those divisional managers are regional
19 managers that cover specific geographies.

20 Q. This is on the wholesale side?

21 A. Correct.

22 Q. Okay.

23 A. And under the regional managers are
24 account executives, and that would be the front
25 line sales force on our B to B sales team.

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1 Q. Are there also administrative support
2 personnel like sales assistants on the wholesale
3 side?

4 A. Yes.

5 Q. Okay. So approximately how many account
6 executives do you have in your organization?

7 A. 100. Let me --

8 Q. Go ahead.

9 A. Regional managers and account execs, 100.

10 Q. Okay. And approximately how many sales
11 assistants support those wholesale folks?

12 A. 10.

13 Q. You've got to let me finish even though
14 you know where I'm going.

15 A. Sorry.

16 Q. About 10. Okay. So if I understand
17 correctly, Mr. Needham for example, like
18 Ms. Bassett, they oversee both wholesale and retail
19 sales within their respective geographies?

20 A. No.

21 Q. They don't?

22 A. Jeff does. Debbie does not.

23 Q. I understand. Jeff does. Okay.

24 Mr. Needham does.

25 And then if I'm reading your

00024

1 organizational chart correctly, you have another
2 direct report to you who oversees marketing and
3 sales operations?

4 A. Correct.

5 Q. And that's Mr. Vaughn, right?

6 A. Correct.

7 Q. Now, could you describe what Mr. Vaughn's
8 function is in some more detail?

9 A. Chris -- well, Chris is responsible for
10 all Mortgage Corp. marketing plans and actually
11 execution of our marketing plans within Mortgage
12 Corp. nationally. He is also responsible for a
13 department or a team of folks who runs our sales
14 operations, which is more of a sales reporting
15 function.

16 Q. Okay. So Mr. Vaughn's operation is the
17 centralized sales reporting and centralized
18 marketing for all of the sales divisions at
19 Mortgage Corp., correct?

20 A. Correct.

21 Q. And Mr. Vaughn coordinates his marketing
22 efforts with the marketing efforts of HSBC Bank
23 presumably?

24 A. No.

25 Q. He doesn't?

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1 A. He -- Chris runs all marketing campaigns
2 for HSBC Mortgage Corp. He will work with HSBC
3 Bank only on those marketing promotions in which we
4 would integrate into the branch network.

5 Q. Okay.

6 A. But Chris runs an independent marketing
7 team because we source business from multiple
8 channels and multiple markets, and the bank is just
9 a piece of our business. So Chris's team acts
10 independently to source business from our B to B
11 channel and our rechannel external to the bank
12 branches.

13 Q. Could you describe a bit more about what
14 sort -- what are the marketing efforts that
15 Mr. Vaughn undertakes that affect all of your
16 mortgage sales staff in terms of the helping to
17 generate their business?

18 A. Can you be a little bit more specific with
19 your question, please?

20 Q. Well, you mentioned -- you described
21 briefly what Mr. Vaughn's area of responsibility is
22 and said that he oversees the marketing efforts
23 that in a variety of ways source the business for
24 the wholesale and the retail sales folks, so I'm
25 trying to understand what source of marketing

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1 efforts -- maybe you can give me examples, not
2 every single thing he does, but what sort of
3 marketing efforts Mr. Vaughn oversees that help
4 generate business for all of the sales folks.

5 A. Can you define sales folks?

6 Q. The loan officers and their support and
7 supervisors.

8 A. So if I understand your question, it's the
9 retail channel.

10 Q. Okay. Yeah. Let's focus on the retail
11 channel. What does he do there?

12 A. Because they're separate businesses.

13 Q. Okay.

14 A. On the retail channel, Chris has a high
15 level because I'm not going to get into -- unless
16 you want me to get into every single detail that he
17 does. They support all of the marketing brochures
18 that the sales team would go out to call on
19 external customers, realtors, financial planners,
20 any referral source. All the collateral would have
21 to go through Chris's team, and that's the creative
22 byproduct.

23 They support a sidekick, a web-based
24 platform for ordering all marketing materials for
25 the sales team. They would support our web-based

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1 presence. They have integrated campaigns that they
2 would develop and implement, which would include
3 media planning, customer segmentation, campaign
4 tracking. That's probably high level.

5 Q. Okay. And throughout that answer when
6 you're referring to the sales team, you're talking
7 about essentially the loan officers there out in
8 the field and the materials they're using to make
9 their sales; is that right?

10 A. Yes, but also some of the functions that
11 we spoke about also help drive incremental
12 referrals and business to the loan officers.

13 Q. Right.

14 A. So it's more than just materials.

15 Q. Right. I understand.

16 In other words, the, for example, campaign
17 tracking, you described is a function. All of the
18 sales tracking is occurring through Mr. Vaughn's
19 operation for all of your loan officers?

20 A. For campaigns, yes.

21 Q. And when you use the term campaign, you're
22 referring to a particular sales initiative?

23 A. Correct.

24 Q. The individual division managers,
25 Mr. Needham, Ms. Dezego and so on, they don't have

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1 their own marketing or operations staff apart from

2 Mr. Vaughn's staff, correct?

3 A. No.

4 Q. No, that's not correct or no, they --

5 A. No, they do not have any other staff --

6 Q. Okay.

7 A. -- that's centralized under Mr. Vaughn.

8 Q. Thank you.

9 I'll show you a document now. We can mark

10 this Exhibit 2 previously marked MORT 5 through 7.

11 (Whereupon, GATES Deposition

12 Exhibit No. 2 was marked for

13 identification.)

14 BY MR. SCHWARTZ:

15 Q. And this is -- this is the offer letter

16 for one of our named plaintiffs in this matter,

17 Mr. Chaussy. Just to work in with some of the

18 testimony you provided to understand here, Amy Ku,

19 assistant vice president of the northern California

20 region, retail mortgage sales, she would be one of

21 the regional managers you described directly under

22 Mr. Needham responsible for a particular geographic

23 region of sales, correct?

24 A. Correct.

25 Q. And the primary duty of your loan officers

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1 is selling loans, right?

2 A. That is correct.

3 Q. And as such, they have a -- they operate

4 based on a retail mortgage consultant sales

5 commission plan, all of your loan officers?

6 A. That is correct.

7 Q. And is it pretty typical, as in this

8 instance with Mr. Chaussy, that the first six

9 months or so of employment, a loan officer -- and

10 when I use loan officer, I'm referring to that

11 whole grouping of titles we described earlier.

12 It's shorter than retail mortgage lending

13 consultant.

14 Is it typical for a loan officer that the

15 first six months or so, they'll receive some sort

16 of a regular salary after which they'll be on a

17 strictly commission basis?

18 A. No.

19 Q. It's not typical?

20 A. There is no typical hire plan. We

21 actually -- depending upon the person and the

22 experience level that we set, we can bring somebody

23 on on a straight commission plan with no fixed

24 unforgivable draw. It could be a month. It could

25 be two months. It could be six months. We've even

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1 done it up to a year.
2 It's all dependent upon the experience
3 level that has happened. It's very typical in the
4 industry to do this. We tend to be a little more
5 conservative because some people pay signing
6 bonuses. We don't choose to do that. We like to
7 put that into a salary. The mortgage industry has
8 gone to that type of recruitment strategy.

9 Q. And salary and forgivable draw, you would
10 consider those interchangeable terms for the
11 purposes of your business?

12 A. Yes.

13 Q. And after whatever period of time is
14 agreed upon with the employee, be it a month or in
15 Mr. Chaussy's case, six months, at least according
16 to his offer letter, the person goes to straight
17 commission after the negotiated period of salary or
18 forgivable draw expires; is that right?

19 A. That's typically what would happen, yes.

20 Q. And on straight commission, there's no --
21 there's no guarantee that the employee will earn
22 anything during that period of time that they're
23 working; is that right?

24 A. No. We would set them up with a
25 recoverable draw, as this letter would reference,

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1 after that, and that is just an advance against

2 commissions.

3 Q. The recoverable draw --

4 A. But that's --

5 Q. I'm sorry. Go ahead.

6 A. That is not a fixed number depending upon
7 the performance of the employee. We have ranges,
8 but that we can adjust in any point in time because
9 I'm not going to put an employee in a position with
10 a draw where they get in over their heads.

11 Q. This recoverable draw, is that -- if
12 somebody -- if Mr. Chaussy, for example, failed to
13 make a sale, would he be required to reimburse HSBC
14 for the value of the recoverable draw?

15 A. I don't understand the question, so could
16 you please rephrase it?

17 Q. It just reflects my ignorance of sales.

18 A. That's okay.

19 Q. Recoverable draw, if Mr. Chaussy --
20 let's -- in Mr. Chaussy's case, the record will
21 show elsewhere, his recoverable draw, after he went
22 to recoverable draw, was \$23,000 annually. So if
23 you do the math, it's something shy of \$2,000 a
24 month.

25 So if he failed in March of 2007, for

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1 example, to sell mortgages -- enough mortgages such
2 that he would have earned 2,000 in commissions that
3 month, is he required to then reimburse HSBC for
4 the recoverable draw that he received?

5 A. Yes. What happens is that we advance
6 commissions, even out cash flow for employees, so
7 there are months that would come where he would
8 cover that draw, and there's months that they would
9 not cover that draw, and then they would carry a
10 deficit. And if they carried a deficit for too
11 long or they weren't bringing in enough commissions
12 to recover their draw, we would reduce that draw.

13 Q. If somebody leaves HSBC with a deficit,
14 are they required to pay the company back for
15 the --

16 A. Yes.

17 Q. So the advance is really an advance. It's
18 not -- the employee doesn't get to keep that
19 advance unless they make sales and earn commissions
20 to cover it, correct?

21 A. Yes.

22 Q. Lower on this document, if you could turn
23 to the second page of the document, which is
24 previously marked MORT 06, it's Exhibit 2 of the
25 deposition. It's signed by Willie Daniel, who's

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1 Q. Okay. And this document, the three-page
2 document, appears to be on HSBC Bank USA, N.A.
3 stationery or letterhead coming from the HSBC Bank
4 HR department. Do you see that on the first page?

5 A. Yes.

6 Q. Is HSBC Bank HR department involved in all
7 the hirings that take place at Mortgage Corp.?

8 A. Can you define involved, please?

9 Q. I mean it in the broadest way.

10 A. I'm still confused when you say the
11 broadest way.

12 Q. Okay. In what way, if any, is the HSBC --
13 is HSBC Bank USA, N.A. involved with hirings that
14 take place at Mortgage Corp.?

15 A. Mortgage Corp. outsources their human
16 resource functions to HSBC Bank, but from a hiring
17 perspective, HSBC Mortgage Corp. makes hiring and
18 firing decisions.

19 Q. Okay. What do you mean when you say that
20 they outsource their human resources so HSBC Bank,
21 they meaning the Mortgage Corp.?

22 A. All of the -- this is laymen's terms.

23 Q. It's the only kind I can understand.

24 A. They do the paper processing of onboarding
25 employees to HSBC from an application acceptance,

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1 application screenings. There are required
2 documents that need to be filled out. Offer
3 letters would go out through that department.

4 Q. The HSBC Bank HR?

5 A. That is correct. I guess I can't testify
6 to all of their functionality, but I can testify to
7 what I know.

8 Q. Right. But Ms. Jennings would be in the
9 best position to clarify all of the interplay
10 between the HR -- of HSBC Bank and HSBC Mortgage
11 Corp.; is that right?

12 A. Yes.

13 Q. Likewise, a document like the third page
14 of Exhibit 2, which was MORT 7, this would be --
15 this would come from the bank's HR department?

16 A. This would be part of our onboarding
17 process, correct.

18 Q. Okay. Onboarding process, you mean --

19 A. Hiring process.

20 Q. -- hiring process. Okay. I'll show you
21 another document, which was previously marked
22 MORT 80 and 81, Exhibit 4 of the deposition.

23 (Whereupon, GATES Deposition
24 Exhibit No. 4 was marked for
25 identification.)

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1 the bank.

2 Q. If you set aside Ms. Shearn's offer letter
3 for the time being and take a look at Exhibit 5 of
4 the deposition, a one-page document, which is a
5 printout from the HSBC website.

6 (Whereupon, GATES Deposition
7 Exhibit No. 5 was marked for
8 identification.)

9 BY MR. SCHWARTZ:

10 Q. Mr. Gates, do you recognize this as the
11 mortgage page of the HSBC website?

12 A. It's one of them.

13 Q. If you go on the HSBC Bank website and you
14 want to apply for a mortgage, that is the same as
15 applying for a mortgage at HSBC Mortgage Corp.,
16 right?

17 A. All customers that come through HSBC Bank
18 are offered residential mortgages that are
19 available through HSBC Mortgage Corp. USA, so
20 there's a referral to Mortgage Corporation because
21 it says on here mortgages are available through
22 HSBC Mortgage Corp. USA.

23 Q. And now, HSBC -- let's see. I'll show you
24 another document, Exhibit 6 of the deposition.

25

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1 provide us the legal structure.

2 Q. Okay. Now, you testified that HSBC

3 Mortgage Corp. is a wholly-owned subsidiary of HSBC

4 Bank. What does that mean that it's wholly

5 owned -- a wholly-owned subsidiary?

6 A. They're the only shareholder.

7 Q. Does -- if -- if HSBC Mortgage Corporation

8 had to pay a bill for something, let's say a

9 lawsuit, for example, would HSBC Bank be the source

10 of those funds, or where would those funds come

11 from?

12 A. Mortgage Corp. is a corporation that's got

13 a balance sheet with assets and liabilities on it.

14 Q. What are the assets presently of HSBC

15 Mortgage Corporation USA?

16 A. Do you want specific assets, or are you

17 asking about net worth?

18 Q. I'm interested in both, so maybe you

19 can --

20 A. Assets are loans, cash, furniture,

21 equipment. That would be the --

22 Q. The big-ticket items?

23 A. Yeah, that's the big numbers.

24 Q. Okay. What's the net worth of those

25 assets currently of HSBC Mortgage Corp.?

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1 about revenue than it is about absolute net worth.

2 Q. Okay. Well, what were the revenues of

3 HSBC Mortgage Corporation USA for 2006?

4 A. I don't have an exact number because I

5 didn't get into that kind of detail with the

6 financial statements, but are you asking for a net

7 income number, or are you asking for a revenue

8 number?

9 Q. Well, you just testified that revenues --

10 the revenue is a more important number, so I was

11 trying to find out what that was.

12 A. Net income. I'm sorry.

13 Q. Income, you mean profits?

14 A. Yes, profits.

15 Q. So what was the profit number for 2006 for

16 HSBC Mortgage Corporation?

17 A. I will give you the number that I know

18 based on -- you know, I don't know the exact number

19 that's in the audited statements, but it's

20 approximately \$170 million net, and I think that's

21 before tax.

22 Q. Okay. So presumably if the profits in

23 2007 went down to 70 million from 170 million,

24 Mr. Tich would be accountable for the decrease in

25 performance to Mr. Newman; is that right?

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1 answer the phones as an inbound call center in
2 Buffalo. When somebody would call 1-800-6 to
3 apply, a number that we advertise, they would
4 answer mortgage customer questions and take
5 applications over the phone.

6 Q. Was that an advertising campaign led by
7 HSBC Bank or the Mortgage Corp. specifically?

8 A. We advertise that number on multiple -- in
9 multiple areas.

10 Q. So it's a coordinated advertising program
11 between the bank and the Mortgage Corp.?

12 MS. BARRETT: Objection. Assumes facts not in
13 evidence.

14 BY MR. SCHWARTZ:

15 Q. I'm just trying to clarify.

16 A. We have campaigns and advertising and
17 signs all over both in the bank branches, outside
18 the bank branches that would have a call to action.

19 That could be on our mortgage statements. It could
20 be signs within the bank branches. It could be on
21 promotional flyers. It could be in multiple areas.

22 It would be advertised if we were doing an
23 integrated campaign where we were calling to action
24 whether it's radio, T.V. It may or may not be
25 in -- I can't attest to all the different campaigns

00059

1 Q. Okay. And what is this document talking

2 about then?

3 A. This document is talking about HSBC

4 Mortgage Corp. -- HSBC employees in Carmel,

5 Indiana, which is part of HSBC Finance. The only

6 statement here that would be regarding HSBC is

7 there's mortgage employees in Buffalo.

8 Q. Yeah. It talks here about 1,000 mortgage

9 unit workers who work in Buffalo for HSBC Bank.

10 Who are those 1,000 mortgage unit workers?

11 A. Those are HSBC Mortgage Corp. employees.

12 Q. And is that -- do you understand that to

13 be a reference to the whole Mortgage Corp. company,

14 or who are those 1,000 mortgage unit workers?

15 A. I'm sorry. Can you repeat that?

16 Q. Do you understand this 1,000 mortgage unit

17 workers to be a reference to the whole Mortgage

18 Corp., or is this a reference to some part of the

19 Mortgage Corp.?

20 A. Which piece to it?

21 Q. The 1,000 mortgage unit workers.

22 A. Yes, I would assume that they're speaking

23 to the Mortgage Corp. employees.

24 Q. To the whole company or some --

25 A. Just the Buffalo-based employment.

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1 Q. In other words, there are approximately

2 1,000 Mortgage Corp. employees in Buffalo?

3 A. Yes. I think I knew the number to be

4 slightly north of that.

5 Q. Okay.

6 MR. SCHWARTZ: Let's take another five minutes.

7 THE VIDEOGRAPHER: Off the record at 10:52 a.m.

8 (Whereupon, a short break was

9 taken.)

10 THE VIDEOGRAPHER: Back on the record at

11 11:19 a.m.

12 BY MR. SCHWARTZ:

13 Q. Okay. So Mr. Gates, we were talking

14 about -- before that break, we were talking about

15 the -- among other things, the loan officers and

16 the extent to which they're working in branches, in

17 bank branches and Mortgage Corp. offices from home

18 or out at different potential business sources.

19 How does Mortgage Corp. track what percent

20 of time the loan officers work in those different

21 places?

22 A. We don't.

23 Q. Are there -- do the loan officers have any

24 kind of time-keeping system that they utilize?

25 A. No.

00061

1 Q. Do the loan officers have remote access to
2 their e-mail?

3 A. Yes.

4 Q. And with that remote access, can they
5 check their e-mail anywhere?

6 A. Depending --

7 Q. Anywhere that has internet reception?

8 A. I guess high level, yes. Some have
9 Blackberries, and some actually have laptops. So
10 as long as it's -- you know, they've got to have a
11 connection if they're in the laptop, whether it's
12 wireless or a cord as long as they can access the
13 internet through some device.

14 Q. Okay. Are the loan officers issued
15 Blackberries and laptops?

16 A. They're typically issued laptops. Some,
17 from a convenience perspective, carry Blackberries.
18 Some do not.

19 Q. Does Mortgage Corp. give the loan officers
20 Blackberries?

21 A. Some do, and some don't. It's not -- it's
22 more of a personal preference.

23 Q. So a loan officer can say -- can ask --
24 can request a Blackberry from Mortgage Corp. at
25 their discretion?

00062

1 A. Yes. They're expensive, so we try to
2 limit the devices that we have out there because
3 there's a cost for the Blackberry and a cost for
4 the connection, but yes.

5 Q. Do the loan officers, are they given
6 vehicles for traveling to any of these different
7 places?

8 A. No.

9 Q. So am I correct that you, the Mortgage
10 Corp. has no way of knowing where loan officers are
11 working at particular times of day as a general
12 rule?

13 A. Other than picking up the phone and
14 finding out where they are, no.

15 Q. Okay. But you have no way of going back
16 and reconstructing where Philip Wong or Frederick
17 Chaussy or any other loan officer was on a
18 particular day?

19 A. No.

20 Q. So if the -- if the loan officers provide
21 testimony that they spent more than 50 percent of
22 their time working either out of the HSBC Mortgage
23 Corp. offices or out of the HSBC Bank branches or
24 out of the home office, then you have no evidence
25 that could rebut that?

00063

1 MS. BARRETT: Objection. Calls for a legal
2 conclusion.

3 THE WITNESS: No, not that I'm aware of. I
4 don't have anything that I could get my hands on.

5 BY MR. SCHWARTZ:

6 Q. The loan origination software that your
7 loan officers use, what's it called, your software
8 program?

9 A. Can you define originations because we
10 have multiple systems. From an originations
11 perspective, they access different computer
12 systems, different programs, I guess, I would ask.

13 Q. Okay. Well, I made an assumption there,
14 which was probably not justified.

15 Could you describe what types of
16 origination software your loan officers used
17 generally?

18 A. There's a system of record for data, which
19 would be Loan Quest, and then there is a document
20 or an image platform, which is IAW. And you're
21 talking retail, I'm assuming.

22 Q. Right. IAW?

23 A. Yes. It's an acronym, and I don't know
24 what it's stands for if you asked me.

25 Q. And these are -- are these software

00064

1 packages managed through Chris Vaughn's sales

2 operations organization?

3 A. No.

4 Q. Where do these get managed?

5 A. Hardware, software configurations would

6 all be part of our HTS group, which is an

7 outsourced provider.

8 Q. That's the HSBC Technical Services?

9 A. I think that's the correct legal name.

10 Q. Okay. Now, loan officers, when they're --

11 if they're accessing through their laptop remotely,

12 say, are they able to use the Loan Quest software?

13 A. Yes.

14 Q. Is that something that works -- excuse me.

15 Is that something that works out when

16 you're out in the field with any kind -- does it

17 work as a practical matter? I mean, sometimes

18 these loan software can be very slow when you're

19 actually not in the office. Do you know?

20 A. Let me go back and just -- through

21 laptops, Loan Quest is accessible. Blackberries,

22 it's not. And some of our sales force will

23 actually use Loan Quest in front of a customer, and

24 some will not.

25 Q. And what does it depend on whether or not

00070

1 Q. He actually is.

2 A. Oh, is he? I'm sorry.

3 Q. MORT 178 of Exhibit 2 to the deposition.

4 Robert Luczak, another silent C, L-u-c-z-a-k, is

5 that who you're referring to?

6 A. Where do you see that?

7 Q. The bottom right-hand corner.

8 A. Yes. Yes. Yes.

9 Q. And he -- he technically would report to

10 somebody at HSBC Bank in training?

11 A. That is correct.

12 Q. Okay. And so Mr. Luczak would be in the

13 best position to know what materials the loan

14 officers are given under the sample business plans?

15 A. Yes.

16 Q. Okay.

17 A. We bring all of our employees to Buffalo

18 for an intense training class, which this would be

19 a module to it, which is part of our high-trust

20 piece.

21 Q. A module, what do you mean by that?

22 A. There is a lengthy training program that

23 we put our sales reps through, which would include

24 everything from how to sign on to the computer

25 system to product to high trust selling to HSBC

00071

1 indoctrination into benefits. It would all be part
2 of what I call a hiring or onboarding process.
3 It typically lasts a week where somebody
4 would come to Buffalo and they would actually get
5 their laptop. They would get all their sign-ons.
6 They would get -- you know, understand technology.
7 They would understand products. They would
8 understand process, how to access our systems, how
9 to utilize our systems. High-trust selling is a
10 piece to this that we bring into this work/life
11 balance.

12 Q. Are the account executives and loan
13 officers, do they go through the same training, or
14 do they have separate trainings?

15 A. They are separate. Some of it is similar.
16 We will bring different staffs together, B to B and
17 B to C, which would be business to business.
18 Account reps and loan officers we would bring
19 together for some of the common pieces to it, but
20 then there's also some different aspects to it. We
21 wouldn't bring in the loan officers into the -- you
22 know, how to use Loan Quest because account reps
23 don't have access to Loan Quest because they have
24 more of a B to B relationship where their customers
25 would access Loan Quest and our image platform.

00072

1 There are different sales techniques that
2 would be slightly different from a sourcing of a
3 consumer to a business lead, and Bob could be in a
4 position to tell you what modules we would run our
5 B to B sales force through and our B to C sales
6 force through.

7 Q. Are there any standards, to your
8 knowledge, set forth for loan officers as to how
9 much time they're supposed to spend inside HSBC
10 facilities or home offices and how much time
11 they're supposed to spend out?

12 A. Not that I'm aware of.

13 Q. So that wouldn't -- you wouldn't expect
14 that to be any part of this loan officer business
15 plan?

16 A. I can't speak to the individual business
17 plans that each person puts and the commitments
18 that they've made, but I would not expect them to
19 say that they need to spend a certain amount of
20 hours in any HSBC mortgage facility. I would say
21 that depending upon what their commitments are to
22 their customer bases where they may have made
23 commitments to be at the office for sales meetings
24 within the bank branches or within the mortgage
25 facility because those are commitments or

00073

1 expectations that you set with your customer

2 business.

3 Q. The -- you're aware that loan officers are

4 classified by the company as exempt from receiving

5 overtime?

6 A. Yes.

7 Q. And do you know why that is?

8 MS. BARRETT: Objection. Calls for a legal

9 conclusion.

10 BY MR. SCHWARTZ:

11 Q. You're not going to find it in that

12 document.

13 A. No, I understand that. I'm thinking.

14 Q. Okay.

15 A. I'm just looking through this because I

16 find this to be interesting. They are not paid

17 hourly. They're commissioned employees. As such,

18 we do not have significant oversight over their

19 day-to-day tracking of business. They have their

20 own business plans as this references in

21 Exhibit 10. We help them and support them in their

22 business plans, but we don't -- we really don't

23 require them to be in the office from 9:00 to 5:00

24 because it's not a 9:00 to 5:00 job. It's one of

25 the reasons we provide the life plan and the

00074

1 business plan reconciliation.

2 Q. Do you know if -- do you consider the loan
3 officers to be inside salespeople?

4 MS. BARRETT: Objection. Calls for a legal
5 conclusion.

6 THE WITNESS: Inside salespeople, no. I would
7 not consider a loan officer to be an inside
8 salesperson.

9 BY MR. SCHWARTZ:

10 Q. So do you consider loan officers to be
11 outside salespeople?

12 MS. BARRETT: Objection. Calls for a legal
13 conclusion.

14 THE WITNESS: I would consider them outside
15 sales.

16 BY MR. SCHWARTZ:

17 Q. And what's the basis of that?

18 MS. BARRETT: Objection. Calls for a legal
19 conclusion.

20 THE WITNESS: My definition of an inside
21 salesperson is someone who sits and answers the
22 phone all day and waits for customers to come in.

23 Whereas, an outbound sales rep, where someone that
24 would be an outside sales rep would be someone that
25 would be out calling on referral sources within the

00077

1 THE WITNESS: Can you restate the question,
2 please?

3 BY MR. SCHWARTZ:

4 Q. Certainly. What sort of proof does HSBC
5 Mortgage Corporation USA have that its loan
6 officers function primarily outside of HSBC
7 facilities or home offices?

8 MS. BARRETT: Objection. Calls for legal
9 analysis and conclusion.

10 THE WITNESS: As I stated, we don't track
11 hours. The only way that you would provide proof
12 would have to be through our managers and our loan
13 officers' testimony and our customers. We don't
14 have a tracking system to track hours.

15 BY MR. SCHWARTZ:

16 Q. Who classified loan officers and all the
17 different position titles that go into loan
18 officers, who classified them as exempt?

19 MS. BARRETT: Objection. Overbroad as to the
20 time period and scope.

21 THE WITNESS: We outsource our human resource
22 work through Jeanie Jennings, and it is my
23 understanding that Jeanie also works with HSBC
24 Finance and their team to garner knowledge on
25 exempt versus nonexempt.

00092

1 Q. Do the loan officers have dedicated phone
2 numbers at the HSBC offices?
3 A. The majority of them do. I can't
4 categorically tell you that they all do. I don't
5 know that, but the majority of them I know have a
6 phone number. Some choose to use their cell phones
7 instead because it's easier to get a hold of
8 people, so that's why I tend not to know if they've
9 all picked up internal phone numbers. Some of them
10 promote themselves with their own cell phones.

11 Q. I see.

12 A. Because it's easier to access them because
13 they're out in the field so often.

14 Q. So looking at phone records from the
15 company, that would not give you necessarily an
16 accurate picture of how much time somebody is
17 spending in the office or in an HSBC facility
18 because they could be using their own cell phones
19 while in an HSBC office or facility?

20 A. That is absolutely correct.

21 Q. So the regional managers are not gathering
22 data from the sales staff, their subordinates on
23 how many calls they've made typically?

24 A. No.

25 Q. What expectations do you have on a

00093

1 nationwide basis of the productivity levels that
2 you expect from your loan officers?
3 A. We calculate a minimum break-even
4 nationally as to the amount of production that it
5 makes sense for someone to be on board with us.
6 And on the retail channel, if my memory serves me
7 right, it is approximately \$5 million a year
8 annually in closed mortgage business. And I would
9 have to go back and get you the exact number, but
10 it's in that ballpark.

11 Q. And that's for 2007?

12 A. Yes, it is.

13 Q. Was it a similar number in '06, or has
14 that varied?

15 A. Fairly similar, yes.

16 Q. Okay.

17 A. But it really doesn't -- break-evens are
18 calculated primarily based on what is the cost to
19 the mortgage company in terms of what is a cost to
20 carry an employee and get a return on that
21 investment, so that's what I mean by break-even.

22 Q. The -- where are those national
23 break-evens or productivity objectives or minimums,
24 where are those generated? Who sends those out?

25 A. Generated or calculated?

00094

1 Q. I guess both.

2 A. At Buffalo in Depew within Mortgage
3 Company.

4 Q. So who specifically --

5 A. Tom Scanlon and myself. Tom is our chief
6 financial officer.

7 Q. Okay.

8 A. We review those.

9 Q. And do you send then some kind of memo to
10 your subordinates that says these are the numbers
11 we're expecting this year, something like that?

12 A. Yes. We would dust them off and look at
13 them and make sure that they still applied, and
14 that message would be communicated to my sales
15 team.

16 Q. When you say you would dust them off --

17 A. What I mean is that we would update our
18 cost assumptions annually because there's the cost
19 of doing business, and unfortunately, it continues
20 to go up.

21 Q. Right. So the goal or the minimum
22 productivity expectation, that would be announced
23 at least annually?

24 A. Yes.

25 Q. And what -- is there a particular name of

00096
1 (Whereupon, GATES Deposition
2 Exhibit No. 11 was marked for
3 identification.)

4 BY MR. SCHWARTZ:

5 Q. And this is the first page --

6 A. I'm only laughing because whoever printed
7 this, the printer didn't translate our brand or our
8 logo correctly.

9 Q. Yeah. It looks like it's a mirror image.

10 Maybe they did it to be cute. I don't know, but it
11 says Mortgage Corporation USA, retail loan
12 consultant incentive plan. Do you understand that
13 to be a reference to the type of employee we've
14 been calling a loan officer?

15 A. Yes.

16 Q. Do you know where this document was
17 generated?

18 A. This document would be generated out of
19 Jeanie Jennings' group, which would be the HR
20 department.

21 Q. Okay. And this document would go to any
22 loan officer at the company?

23 A. Yes.

24 Q. And the individual divisions or regions
25 don't have their own loan officer incentive plans,

00097

1 correct?

2 A. No, they do not.

3 Q. Is there any incentive -- do loan officers

4 have any incentives or targets as to the number of

5 loans they're closing or only as to dollar volume?

6 A. No. This plan pays you -- there's a

7 stepping up of commission rates based on dollars or

8 units as you can see, and I don't know if it's --

9 Page 3 of this document --

10 Q. Okay.

11 A. -- would probably be the best example of

12 that where you'll see threshold breaks based on

13 dollars or units. So you see where the first line

14 says zero to \$750,000?

15 Q. Yes.

16 A. And that's an or, zero to five units, they

17 would get paid 40 basis points, and then 750 to 1.7

18 or six to 10 units.

19 Q. And what are the basis points referenced?

20 A. That's a percentage of the closed loan

21 amount would be their commission rate.

22 Q. Okay.

23 A. And these are monthly transactions.

24 Q. Monthly? In other words --

25 A. Monthly closings.

00101

1 Q. Okay.

2 A. Because it's a drop-down on a computer
3 screen, so they can pick a menu of source codes.

4 Q. Okay.

5 A. So there's -- in theory --

6 Q. Right.

7 A. -- they could skip over that field, but
8 directionally, the data is correct.

9 Q. Okay. Do you review that data at the end
10 of the year where you're -- what the referral
11 sources are?

12 A. Yes.

13 Q. So could you give me estimates of what
14 referral sources are -- which -- what percent of
15 the referral sources are branch originated?

16 A. Our biggest customer is the bank, so that
17 would be the -- branches would be our biggest
18 referral source in total.

19 Q. And roughly what percent do you estimate
20 of the loans that the loan officers are selling are
21 branch originated?

22 A. Approximately 40 percent, but the branches
23 refer first mortgage. They don't sell them.

24 Q. Right. I'm not sure exactly what the
25 distinction is there between refer and sell. In

00109

1 Q. What are some of the standard common
2 reports that Mr. Grossman issues that relate to
3 your sales operation?

4 A. It would be production by channel,
5 production by product. It would be production by
6 sales rep, production by state, production by
7 product mix, LTV, credit score.

8 Q. What's LTV?

9 A. Loan to value. Credit score. There's ad
10 nauseam. There's a significant amount of reports
11 that are standardized custom reports or
12 standardized reports. A lot of it is tracking
13 business just basis-related product originations
14 mix.

15 Q. And the -- is that data used, for example,
16 to calculate sales contests between all of your
17 loan officers, who -- you know, top salesperson of
18 the month?

19 A. Yes. Yes.

20 Q. Stuff like that?

21 A. Yes, you would have that, absolutely.

22 Q. What sorts of nationwide sales contests do
23 you have for your loan officers?

24 A. We have an annual sales trip for our top
25 producers in certain categories that we utilize

00110

1 within the organization.

2 Q. Where do they -- what's the trip?

3 A. It depends upon the year and where we go,
4 but usually it's somewhere -- two years ago it was
5 in Palm Springs. Last year it was in Key West.
6 It's usually the top 20 sales reps in the country
7 will go away for two or three days.

8 Q. Is that -- that's an annual contest?

9 A. Yes.

10 Q. Are there other contests that crop up
11 periodically for loan officers?

12 A. Yeah. That would be done at the local
13 level, though. That would not be something that we
14 would orchestrate corporately. That would be
15 incentives that the regional managers would run
16 within their respective regions. Some of them do a
17 salesman of the month. Some of them -- you know,
18 there's all kind of annual -- we don't dictate down
19 corporate standards if they want to run a contest
20 to generate business because they manage the
21 marketplace. It gives them the ability with a
22 little flexibility. We have just have the annual
23 corporate trip.

24 Q. And aside from what you testified about
25 earlier regarding the changes in distinguishing

00122
1 (Whereupon, a short break was
2 taken.)

3 THE VIDEOGRAPHER: Back on the record at
4 2:07 p.m.

5 BY MR. SCHWARTZ:

6 Q. Does HSBC Mortgage Corporation have
7 officers and directors?

8 A. They have officers. I would assume
9 directors. I do not know that.

10 Q. Who are the officers of HSBC Mortgage
11 Corporation?

12 A. I know Steve Tich is, Dave Travis, and
13 after that, I would have to look at the list. I
14 would have to go to the corporate secretary to find
15 that out.

16 Q. Who is the corporate secretary?

17 A. It would be someone within Scott Miller's
18 world of the general counsel. I'm not sure who
19 that is for Mortgage Corp.

20 Q. Now, Scott Miller, a general counsel, he
21 is -- works in the general counsel for HSBC Bank,
22 correct?

23 A. Yes. There's multiple attorneys in there
24 within that office.

25 Q. And what -- what is Mr. Tich's position as

00124

1 A. He's retired.

2 Q. And how about Mr. Hunter, do you know
3 where he is now?

4 A. Buffalo, New York.

5 Q. Is he also retired, or is he working for
6 another company?

7 A. He's retired.

8 Q. The hiring and -- all of the hiring and
9 personnel policies utilized at Mortgage Corp., are
10 those crafted by the bank or by some other HSBC
11 subsidiary, correct?

12 A. Yes.

13 Q. And what is the policy at HSBC or Mortgage
14 Corp. if -- for how long a loan officer can last
15 employed if they're not producing adequately in
16 terms of the volume or the quantity of loans?

17 A. There's a process that we will go through.
18 That process varies by person in terms of how long
19 we will allow them to stay based on a verbal
20 warning, written warning and whether they're
21 meeting the expectations laid out in the
22 performance plan. Some, obviously, will not get
23 there, and we tend to work them out sooner than if
24 they were showing signs of getting toward that
25 plan.

00125

1 Q. Is there any kind of time frame set forth
2 as to how long employees are supposed to have to
3 improve after a verbal warning, a written warning,
4 before they --

5 A. That's an agreed-upon between the employee
6 and the manager. They agree upon a corrective
7 action plan, so there would be some latitude there
8 at the regional level with the advice of our HR
9 department.

10 Q. The format for corrective action plans,
11 verbal warnings, written warnings, these sorts of
12 things, where does that come from?

13 A. We have an overlying -- we get guidance
14 from Mortgage or from the HR department.

15 Q. At the bank?

16 A. Yes.

17 Q. And then Ms. Jennings and her operation,
18 they help craft the specifics with the manager of
19 the employee concerned?

20 A. The manager would -- yes, the manager
21 would use -- would consult with Jeanie as a
22 consultant.

23 Q. As to sales assistants with their time
24 cards, if they -- if they don't sign off on a time
25 card, the sales assistant won't get paid until --

00128

1 which would inform a loan officer that he or she
2 would be compensated as an outside salesperson.
3 A. I don't recall compensated as an outside
4 salesperson, but you would say that they -- I know
5 they noted they're a commissioned employee that's
6 100 percent commissioned. I don't know if
7 that's -- I'm struggling with the fact that -- I
8 don't know because I don't know those specific
9 words, outside salesperson.

10 Q. So conceivably, you could have a loan
11 officer once they've -- after the initial
12 nonrecoverable draw period or salary period, you
13 could have a loan officer who works 80 hours in a
14 week, but doesn't generate any loans and,
15 therefore, doesn't earn any income at all; is that
16 correct?

17 A. Yes.

18 Q. Has there been any change, to your
19 knowledge, in the job duties of loan officers
20 over -- during your time at HSBC Mortgage
21 Corporation?

22 MS. BARRETT: Objection. Overbroad as to the
23 time period. Can you narrow it down? He's been
24 with the company for a very long time.

25

00130

1 very heavily regulated industry in which case
2 there's a lot of forms and a lot of disclosures
3 that change, so that's where I would say in total,
4 but there are different disclosures that come out
5 all the time in our business.

6 Q. Sure. Sure.

7 A. That's why when you asked me the duties,
8 there's a lot of process burden that didn't used to
9 be there in terms of disclosures and talking to
10 people about and selling people on disclosures.

11 Q. I understand. So at some point, they
12 created a Form 10, and there used to be this other
13 form and maybe they created a --

14 A. The general duties have not changed. The
15 amount of paperwork in terms of disclosures that
16 they need to explain to customers has changed.

17 Q. How much of their own paperwork are loan
18 officers doing in terms of loan, the loan closing
19 documents?

20 A. Our loan officers take mortgage
21 applications and sell mortgages. They don't
22 process. They don't underwrite. They don't close
23 loans. There's a check and balance from a control
24 perspective.

25 So their primary job is to sell. Part of

00131

1 the sales process is to take the initial
2 information from the consumer, explain and sell the
3 product and the process to the customer up front,
4 and then that's handed off to our ops area who does
5 all of the processing, all the paperwork gathering,
6 all of the underwriting, condition clearing,
7 scheduling a closing. That's all done in the back
8 office.

9 Q. Oh, I see.

10 A. Our loan officers do not process
11 paperwork. They don't underwrite. They don't
12 close. That's -- we're purely a sales department.

13 Q. I see. So Mr. Vaughn, who oversees sales
14 operations --

15 A. No, that's not where it would go.

16 Q. That's not where you'd go. Where do you
17 go for the loan processing?

18 A. That would go to Kathy Chubb. If I could
19 see the org chart, I could see what her title would
20 be.

21 Q. Going back to Exhibit 2, the page
22 previously marked MORT 178.

23 A. Got it. Sorry. Kathy Chubb, SVP mortgage
24 lending ops and business administration.

25 Q. So her department does all of the loan

00137

1 MS. BARRETT: Bobby Mehta.

2 THE WITNESS: That might be a finance company

3 document, or it might be -- no, it's North America,

4 so no. Most of this is online now. This is --

5 most of this is online, the most current version.

6 It's within our connect EHR process, so yes. I

7 don't know the date, so -- but a lot of this data,

8 because it talks about connect in here, benefits

9 career opportunities, your business unit, this is

10 all pretty standard.

11 BY MR. SCHWARTZ:

12 Q. So that document is similar to what the --

13 employee handbook that people receive now except

14 that now a lot of that information is available

15 online?

16 A. Correct.

17 Q. And it's still -- the employee handbook is

18 still a document that's generated for all HSBC

19 North America?

20 A. Yes. It's online, though, but yes.

21 There's more detail than this because the benefits

22 and stuff like that have all been updated because

23 we change insurers all the time, and policies do

24 change, you know, just days off and stuff like

25 that.

00145

1 (Whereupon, a short break was
2 taken.)

3 THE VIDEOGRAPHER: Back on the record at
4 2:49 p.m.

5 THE WITNESS: The only clarifying statement I
6 wanted to make was Steve Tich, his actual position
7 within Mortgage Corp. is president of Mortgage
8 Corp.

9 BY MR. SCHWARTZ:

10 Q. Okay. In terms of his officer title, it's
11 president?

12 A. Yes, that's correct. I had said EVP, but
13 he's actually the president of Mortgage Corp. as
14 was Randy Raup, his predecessor, as was Dave
15 Hunter, the predecessor before that.

16 Q. Okay. So they're president of Mortgage
17 Corp., executive vice president of the bank?

18 A. Correct.

19 Q. Okay. I understand.

20 MR. SCHWARTZ: Well, then I believe that's all
21 we have for this part of the 30(b)(6) with
22 Mr. Gates at this time in his capacity as a
23 30(b)(6) witness, and I very much appreciate your
24 cooperation today. Travel safe.

25 THE VIDEOGRAPHER: Off the record at 2:50 p.m.